

## **FISCAL NOTE**

### **HB 3169 - SB 3206**

February 19, 2000

#### **SUMMARY OF BILL:**

- Provides that Individual Development Accounts (IDAs) can be used for career development goals, post-secondary education of eligible savers or their children, small business development and home ownership purposes.
- Authorizes, but does not require, the state to provide up to \$250,000 to match the deposits of eligible Individual Development Account Savers. Funds must be appropriated in the annual appropriations act.
- Individuals who are eligible for an earned income tax credit, or who are otherwise exempted from employment under a state or national needs tested program (including TANF and Food Stamps) or who are not employed or earning income due to their disability or age (including Supplemental Security Income, Social Security Disability, and Social Security Retirement benefits) are eligible to receive matching fund donations at a rate of 2:1 for every dollar they save in an IDA.
- Requires matching funds to be held in a separate account to be paid directly to a designated vendor, such as an institution of higher education or a mortgage finance company, when the saver reaches their savings goal. Matching funds are at no time mingled with the individual deposits of savers.
- Authorizes, but does not require, the state to provide up to \$25,000 to the Department of Human Services for the sole purpose of making a grant to the Tennessee Network for Community Economic Development (TNCED), a statewide nonprofit intermediary organization, to manage these state matching funds. These funds must be appropriated in the annual appropriations act.
- Provides that TNCED would also coordinate, monitor and assist in the further utilization of IDAs by working poor Tennesseans. Would also be required to carry the appropriate insurance coverage to protect them, the IDA savers and contributors to the matching accounts from any intentional financial wrongdoing on the part of the nonprofit staff. A copy of the insurance bond will be filed with the Treasurers Office and the Department of Human Services.
- Provides that to be eligible, IDA savers must enroll in an IDA group sponsored by a nonprofit organization registered to do business in the State of Tennessee. The group must meet regularly for IDA savers to submit documentation of their savings deposits into their IDA Account and receive support, economic literacy training and technical assistance while building their Individual Development Account.

#### **ESTIMATED FISCAL IMPACT:**

##### **Increase State Expenditures - \$25,000 --- \$275,000/Permissive**

Estimate assumes:

- The bill authorizes spending up to \$250,000 to match deposits of eligible participants.
- The bill authorizes the state to provide up to \$25,000 to the Department of Human Services for the sole purpose of making a grant to the Tennessee Network for Community Economic Development.
- The program would only come into existence upon funds being appropriated through the annual appropriations act.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director